

GOVERNMENTAL OPERATIONS

Agency 195

Liquor Control Board

Recommendation Summary

Dollars in Thousands

	Annual FTEs General Fund State	Other Funds	Total Funds
2009-11 Expenditure Authority	1,189.1	244,701	244,701
Total Maintenance Level	1,201.5	253,854	253,854
Difference	12.4	9,153	9,153
Percent Change from Current Biennium	1.0%	3.7%	3.7%
Performance Changes			
Department of Information Services Forest		38	38
End-to-End Encryption		585	585
Distribution Center Staffing #	12.0	1,068	1,068
Suspend Plan 1 Uniform COLA #		(1,974)	(1,974)
State Data Center Rate Increase		541	541
Subtotal	12.0	258	258
Total Proposed Budget	1,213.5	254,112	254,112
Difference	24.4	9,411	9,411
Percent Change from Current Biennium	2.1%	3.8%	3.8%
Total Proposed Budget by Activity			
Administrative Activity	120.9	30,714	30,714
Mandatory Alcohol Server Training (MAST)			
Contract Liquor Store Operations	2.5	26,098	26,098
Enforcement of Liquor Control Laws	83.5	13,659	13,659
Liquor Licensing and Permits	34.4	4,441	4,441
Liquor Purchasing and Merchandising	15.0	2,122	2,122
Liquor Warehouse Operations and Distribution	100.9	23,808	23,808
Regulation of Manufacturers, Importers and Wholesalers	15.0	2,466	2,466
State Liquor Store Operations	824.8	148,352	148,352
Tobacco Tax Enforcement	12.5	1,954	1,954
Youth Access to Tobacco	4.0	498	498
Total Proposed Budget	1,213.5	254,112	254,112

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Department of Information Services Forest

Funding is provided to enable the Liquor Control Board (LCB) to join the State Active Directory Forest hosted by the Department of Information Services. (Liquor Revolving Account-State)

GOVERNMENTAL OPERATIONS

End-to-End Encryption

Currently, the LCB retains confidential credit card data at 165 state liquor stores. A breach of credit card data could result in an assessment of fines of \$8 million to \$10 million per incident. In May 2010, an external auditor assessed the LCB's compliance with payment card industry standards. Based on the auditor's recommendation, funding is provided to mitigate this risk by encrypting confidential credit card data and transferring the storage of encrypted data to the credit card processor. (Liquor Revolving Account-State)

Distribution Center Staffing #

Funding is provided for 12 additional warehouse operators in the Liquor Distribution Center (DC) to address increased product diversity and volumes shipped to liquor stores. The number of stock keeping units (products offered and handled at the DC) and the number of shipping destinations have increased. Staffing levels have not kept pace with the increased workload. This investment is necessary to effectively manage warehouse operations, reduce dependence on overtime, and ensure orders are filled to avoid stores running out of products and inconveniencing customers. To avoid a decrease in liquor revenue distribution to the General Fund and local governments, funding for nine existing FTE positions (seven maintenance mechanics, one maintenance specialist, and one electrician) is shifted from the Liquor Revolving Fund to the Liquor Control Board Construction and Maintenance Account. These staff perform wall-to-wall facility maintenance, and diagnose and repair automated control systems that sort and prepare the product for shipment to the liquor stores. (Liquor Control Board Construction and Maintenance Account-State)

ACTIVITY DESCRIPTIONS

Administrative Activity

The Liquor Control Board (LCB) establishes policies for the sale of alcoholic beverages and tobacco products throughout the state. Activities funded in this category include costs for the overall management of agency employees, and oversight of administrative and policy duties.

Mandatory Alcohol Server Training (MAST)

State law mandates training for servers in establishments that sell liquor for on-site consumption. This activity is commonly referred to as Mandatory Alcohol Server Training (MAST).

Contract Liquor Store Operations

The purpose of this activity is to pay commissions and minor operating expenses for contract liquor store retail outlets located in communities that do not have large enough populations to support the operational expenses of a state-operated store. The Liquor Control Board, with recommendations from its Retail Division, appoints local business owners to sell products under contractual and code regulations. Supporting functions also include contract store supervision.

Enforcement of Liquor Control Laws

The Retail Enforcement section protects and serves the public by striving to ensure legal acquisition and responsible use of alcohol and tobacco.. This is achieved primarily through educational efforts and enforcement operations. Educational efforts include: liquor law briefing materials and education for licensees and staff; technical assistance visits; liquor law training for law enforcement officers; partnerships with community/prevention groups; and licensing support. Enforcement operations include: premises visits; compliance checks; undercover operations; joint patrols with local law enforcement; emphasis at locations of strategic interest; regulatory enforcement; investigation of citizen/law enforcement complaints; alcohol related serious injury accident investigation; and financial audits.

Liquor Licensing and Permits

The Program Administration, License Investigation, License Processing, and Customer Service Units review and report on all license applications, permit applications, and business modification requests from current license holders; approve all liquor license and permit applications and renewals except those involving extensive investigation or requiring a board decision; maintain official licensing records and make documents available for court, administrative action, and public records requests; and provide licensing information for applicants and the general public.

Liquor Purchasing and Merchandising

The Purchasing Division's function is to provide citizens a wide selection of alcoholic beverages at reasonable prices. The division recommends product listings to the board and manages inventory in the Distribution Center. The Special Order Program allows customers to obtain products that are not in general listings.

Liquor Warehouse Operations and Distribution

The Board operates a warehouse for the storage and shipment of liquor. Located in Seattle, the warehouse receives products from suppliers and ships products to state liquor stores and contract liquor stores throughout the state.

Regulation of Manufacturers, Importers and Wholesalers

Non-Retail Enforcement is responsible for the enforcement of state liquor laws and regulations that impact 3,915 non-retail licensees, including in-state and out-of-state entities that produce, import, and distribute alcohol in Washington State. The state is a major wine producer with more than 640 licensed wineries.

State Liquor Store Operations

The purpose of state liquor stores is the controlled distribution of products sought by qualified customers. Store personnel are trained to identify and deny sale to underage or intoxicated customers. Store managers place weekly orders to replenish store inventory; they also schedule part-time help to manage fluctuating volumes of sales. Supporting functions also include strategic planning, store remodels and maintenance, store site selection, negotiation of leases, and supervision of state liquor stores.

Tobacco Tax Enforcement

Liquor and tobacco agents enforce state tax laws and applicable federal statutes related to cigarettes and other tobacco products to promote voluntary compliance and increase excise tax collections. Liquor and tobacco agents work to ensure that excise taxes are collected because revenue is lost to the state each year due to tax evasion on cigarette and tobacco products.

Youth Access to Tobacco

The Enforcement and Education division oversees state compliance of the federal law mandating states to restrict the sale of tobacco products to persons under 18 years of age. The Division is responsible for conducting tobacco premise inspections, investigating complaints against tobacco licensees, and conducting random compliance checks on tobacco licensees. This activity is funded through an interagency agreement with the Department of Health.